

City Profile

Location

Wichita, the largest city in Kansas, population 329,211¹ is the county seat of Sedgwick County. Major highways, including the Kansas Turnpike and Interstate I-35, link the city with a large trade area that encompasses a population of approximately 1.2 million² people within a 100-mile radius. The nearest large cities are Denver to the west, Kansas City to the northeast and Oklahoma City and Tulsa to the south and southeast.

Historical Background

Wichita became a town in 1868, was incorporated in 1870 and has been a city of the first class since 1886. The original stimulus to the city's economic development was the extension of the Santa Fe Railway into Wichita in 1872. The city's early growth paralleled the expanding agricultural productivity of the Central Plains States and by 1900 the city was an important regional center for the processing of agricultural products and the distribution of farm equipment. In 1914, the discovery of oil broadened the economic base, drawing to the city numerous services, distributive enterprises and metalworking industries. From the earliest days of the aircraft industry, Wichita has been a leading producer of general aviation and commercial aircraft. McConnell Air Force Base was activated in 1951 and has remained an important factor in the community.

Government

In 1918, Wichita became one of the first municipalities in the United States to adopt the Commission-Manager form of government. Effective April 14, 1987, the title "City Commissioner" was changed to "City Council" and instead of being elected at-large, five council members were nominated by district and elected at-large. In November 1988, Wichita voters approved a referendum to elect a five-member City Council by pure district elections and a full-time Mayor by city-at-large elections. On February 10, 1989, Charter Ordinance 115 was adopted and provided for the five council member seats to be increased to six by subdividing the city into six districts based on the 1990 census. The six Council members and the Mayor serve four-year terms with the Council members' terms being overlapping.

¹ Source: U.S. Department of Commerce, Bureau of the Census. July 1, 1998 population estimate.

² Estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

The City Council and Mayor conduct all legislative functions for the City of Wichita and establish general policies, which are executed by the City Manager.

Population Characteristics*

1999 Population	
Wichita city (1999) ¹	335,562
Wichita MSA ²	548,714
Within 100-mile radius ³	1,231,418
¹ Source: U.S. Bureau of the Census. The most current estimates available for cities are for 1998. ² Source: U.S. Bureau of the Census. ³ Source: Estimated by the CEDBR, Wichita State University using 1999 county population estimates produced by the U.S. Bureau of the Census	

Growth

Wichita's population growth has been steady for the past two decades. The majority of recent growth has occurred along the far west/northwest and east/northeast peripheries of the city, and into the unincorporated portions of the county.

Population Trends				
Year	Wichita City (000's)*	Percent Change	Sdg Co (000's)	Percent Change
1950	168.3		222.3	
1960	254.7	51.3%	343.2	54.4%
1970	276.6	8.6%	350.7	2.2%
1980	279.3	1.0%	367.1	4.7%
1990	304.0	8.8%	403.7	10.0%
*Source: U.S. Bureau of the Census, <i>Population of the 100 Largest Cities and Other Urban Places in the United States: 1990 to 1990</i> , Working Population Paper No. 27.				

As of March 2000, the city's total land area was approximately 140 square miles. The majority of annexation over the past couple of years has been in response to a need for improved utility service in the annexed areas, especially water service.

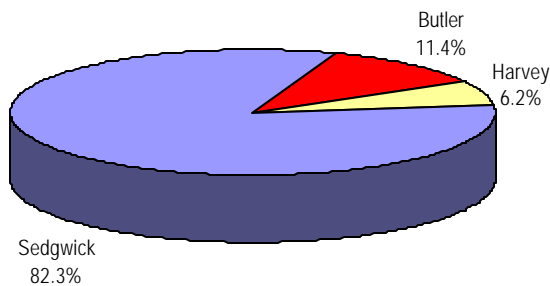
Geographic Distribution

The metropolitan statistical area (MSA) includes Butler, Harvey and Sedgwick counties. Sedgwick County represents the largest portion of the area's population with an estimated 451,684 residents in 1999.

The city's population density has decreased by nearly 50 percent in the past few decades. Today there are approximately 2,352 persons per square mile in Wichita compared to 4,625 per square mile in 1960 when growth within the city limits peaked. The trend of perimeter growth, and the associated increase in demand for local government services, is expected to continue for Wichita.

Composition

**Population Distribution,
1999 Wichita MSA**



Source: U.S. Bureau of the Census

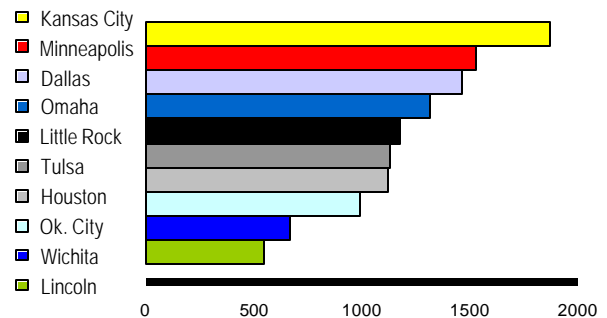
The racial and ethnic composition of Wichita's population is comparable to that of the nation. Current trends indicate the fastest growth rate to be among Asian/Pacific Islanders and persons of Hispanic origin.

Population by Race/Ethnic Origin, 1990 (percent of total)		
Race and Ethnic Origin	Wichita City	U.S.
White	80.5	75.8
African American	11.1	11.8
American Indian	1.2	.8
Asian or Pacific Islander	2.5	2.8
Hispanic Origin	4.7	8.8
Other Race	0.1	0.1
Source: 1990 Census of Population and Housing, Summary Tape File 3C. Detail may not sum to total due to rounding.		

Public Safety

National FBI statistics for 1998 show Wichita's violent crime rate to be lower than many cities of comparable size, including Tulsa, Omaha, Little Rock, and Minneapolis. Wichita's violent crime rate in 1998 was 665 (number of offenses per 100,000 population), down from 833 in 1997.

**Violent Crime Rates
Per 100,000 Population**



*Includes murder, rape, robbery and aggravated assault.

Source: FBI "Crime in the United States." Compiled by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

Overall, Wichita's crime rate fell an impressive 8 percent in 1998 after a slight increase of 2 percent in 1997, a drop of 3.5 percent in 1996 and a drop of 11.5 percent in 1995. Efforts by local leaders to address crime and crime perception in the city have included the introduction of community policing, stiffer handgun regulations, enhanced surveillance of gang activities, as well as expansion and support of preventive community programs in target areas.

Education

Wichitans place great importance on education. In 1990, 82 percent of Wichita's citizens aged 25 years and older had at least a high school diploma, compared to 75 percent in the nation overall. The city of Wichita is served by eight unified school districts. The Wichita Public Schools (USD 259) is the largest in the city.

*Note: This report on **Population Characteristics** was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the Department of Finance specifically for inclusion and use in the 1999-2004 Financial Plan.

It experienced steady enrollment declines from the 1991/92 school year through the 1995/96 school year, losing more than 2,500 students. Since that time, enrollment has started to rebound, with an increase of almost 2,000 students over the past four years.

In addition to the public school districts, there are approximately 40 private schools serving preschool through high school students, as well as those needing special education. Fifteen colleges and universities in the local area serve Wichita, including Wichita State University, University of Kansas-School of Medicine, Friends University, Newman University, and the Wichita Area Technical College.

Health Care

Wichita is a first-class regional medical center with five acute-care hospitals, including the two campuses of the Via Christi Regional Medical Center. In addition to these major treatment facilities, Wichita has eight freestanding specialty or rehabilitation hospitals and dozens of outpatient clinics. Wichita is also home to the Center for Improvement of Human Functioning, an international biomedical research and educational organization specializing in nutritional medicine and preventive care.

Transportation

Wichita Mid-Continent Airport, the largest in Kansas, is a combination commercial air carrier and general aviation complex, providing accommodations for all aircraft. Passenger service and associated air cargo business is available through 12 airlines including America West, America West Express, American, American Eagle, Atlantic Southeast (Delta Connection), COMAIR (Delta Connection), Continental Express, Northwest Airlin, TWA, United, United Express and USAirways Express.

Air passengers at Mid-Continent numbered 1.2 million in 1999 (inbound and outbound). Airfreight shipments totaled 54 million pounds in 1999 (inbound and outbound)

Wichita Mid-Continent Airport Activity Air Freight Shipments (pounds)		
Year	Inbound	Outbound
1992	27,706,000	27,892,000
1993	29,028,000	26,148,000
1994	31,288,000	27,584,000
1995	31,068,000	26,422,000
1996	42,662,000	37,240,000
1997	39,148,000	38,324,000
1998	37,040,000	36,252,000
1999	27,874,000	26,110,000
Source: Wichita Airport Authority, Compiled by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.		

Wichita Mid-Continent Airport Activity Air Passengers		
Year	Inbound	Outbound
1992	642,125	640,450
1993	637,394	637,985
1994	581,494	584,624
1995	647,148	647,242
1996	712,641	714,591
1997	710,017	704,317
1998	666,442	666,506
1999	626,951	621,378
Source: Wichita Airport Authority. Compiled by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.		

Culture and Leisure

Recreational opportunities abound in Wichita. The city's compact size allows minimal travel time (average 30 minutes) to outlying areas with open prairie and lakes. Inside the city there are more than 84 municipal parks, covering 3,800 acres.³ At least 160,000 trees are planted in Wichita's public grounds.

Cultural activities include art, natural and historical museums, theater, the Mid-American All-Indian Center, the Wichita Symphony, the Metropolitan Ballet, an observatory, a botanical garden, and a natural setting zoo. The \$62 million Exploration Place, a science center and museum, is scheduled to open in downtown Wichita

³ Source: City of Wichita Park and Recreation Administration.

in Spring 2000. Special ethnic, sports, and holiday events take place year-round, culminating in the area-wide ten-day River Festival in May. Beginning as a city-financed centennial celebration in 1970, the River Festival has grown steadily with annual attendance now over a million people. In 1996, it was named one of the top 100 tourist attractions in North America. The total economic impact in 1995 was estimated to be \$17.5 million.⁴

Major professional indoor soccer and minor league baseball and hockey are examples of other major attractions in the Wichita area, as well as Joyland amusement park. A recently constructed city-owned twin-sheet ice skating arena is now available for additional sporting events.

Century II is the convention headquarters downtown. The Kansas Coliseum, just north of the city, is a multi-purpose facility that hosts a variety of events from concerts, to livestock shows. The recently opened, \$30 million, Hyatt Regency hotel in downtown Wichita has added to the large selection of hotels in the city. Wichita is the leading convention and tourism center in Kansas.

Economic Development

Wichita offers an excellent business environment, with incentives that include property tax abatements (up to 10 years-100%), industrial revenue bonds (IRBs), Enterprise Zones, job training funds and venture capital.

Under the state constitution, Kansas is a right-to-work state. No labor unions may attempt to collect "service fees" from workers who choose not to join the union. Only 8.4 percent of the Wichita MSA's private workforce is unionized compared to 11.2 percent of the national private sector. Outside the aircraft plants only 4 percent of the Wichita MSA's private workforce is unionized.⁵

Downtown revitalization is gaining importance and momentum in Wichita. The vitality of the city's core is essential, not only to economic and tax base stability, but to quality of life for its residents. Among the riverfront and core-area public and private development projects under construction or completed since 1994 are:

- Wichita Boat House
- Old Town Redevelopment
- State Office Building
- Wichita Ice Sports Center
- Exploration Place, a Science Center/Children's Museum Complex

- Hyatt Convention Center Hotel
- East Bank River Walk
- Maple Lewis Street Bridge Replacement
- McLean Boulevard Realignment
- Douglas Avenue Upgrading
- Development of pocket parks

Cost of Living

Even with all of these amenities, Wichita still maintains a moderate cost-of-living rate of 96.2 about 3.8 percent below the average of 310 urban areas in the United States.⁶ As of fourth quarter 1998, the median single-family home sales price in the Wichita MSA ranked 25th lowest out of 129 reporting MSAs in a survey conducted by the National Association of Realtors. As of fourth quarter 1998, the median sale price of a newly built single-family home in the Wichita metro area was \$124,000, substantially below the national median price of \$150,800.⁷

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Economic Characteristics**

Employment

Wichita's employment includes a broad mix of business types, with a strong base of relatively high paying manufacturing jobs. A list of Wichita's major employers includes The Boeing Co., Cessna Aircraft Co., Raytheon Aircraft Co., Via Christi Regional Medical Center, Koch Industries Inc., Bombardier Aerospace Learjet, Wesley Medical Center, Southwestern Bell, Bank of America and the Wichita Clinic. However, any listing of the area's largest private employers cannot reveal the large numbers of small and mid-sized companies providing a wide variety of goods and services to markets around the globe. The 1997 *County Business Patterns* shows approximately 11,441 business establishments in Sedgwick County with fewer than 100 employees. Total wage and salary employment in the Wichita MSA decreased by 0.3 percent from 1998 to 1999. This decline was led by the manufacturing sector with losses totaling 700 jobs. The construction industry had the largest increase in jobs, adding an average of 600 filled positions in 1999. Other sectors with job growth during 1999 included transportation, communication and public utilities and finance, insurance and real estate.

⁴ Source: Wichita Festival Inc.

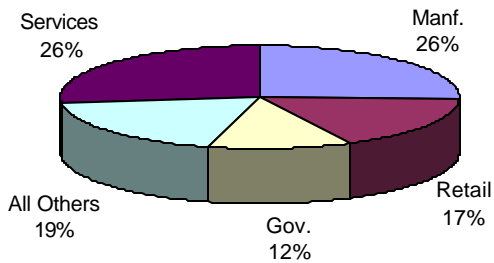
⁵ Source: Wichita Area Chamber of Commerce. Estimates are for year-end 1994.

⁶ Source: American Chamber of Commerce Researchers Association's Cost of Living Index, 2nd Quarter 1999.

⁷ Source: Wichita Area Association of Realtors-Multiple Listing Service and the National Association of Realtors.

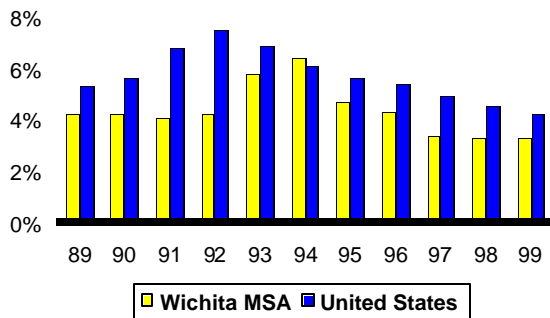
In 1999, 26.9 percent of all jobs in the Wichita MSA were in service industries and 25.8 percent of all jobs were in manufacturing industries. Services accounted for 76,700 jobs, while manufacturing contributed 73,500 of the 285,300 total jobs.

**Wage & Salary Employment,
1999 Wichita MSA**



The total civilian labor force in the Wichita MSA increased 0.7 percent from 1998 to 1999. Wichita's unemployment rate averaged 3.3 percent for 1999, well below the U. S. average of 4.2 percent. Wichita's average annual unemployment rate has been lower than the national average since 1995.

**Unemployment Rate
U.S. Versus Wichita MSA**



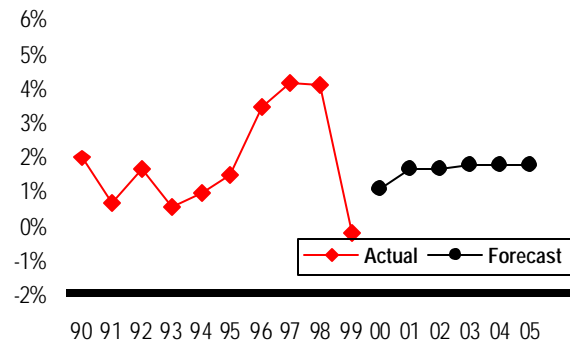
Total wage and salary employment is expected to grow at an average annual rate of 1.6 percent between 2000 and 2005.

The forecast for total wage and salary employment is based on the following assumptions:

- Interest rate increases of .5 to .75 percent during 2000,
- U.S. Real Gross Domestic Product average annual growth rates of 2 percent during the next 5 years,

- average annual inflation rates during the period of 2.5 to 3 percent,
- continued consolidations among small and mid-sized manufacturers, and
- a modest slowdown in aircraft orders.

**Total Employment Growth Rate
Wichita MSA**



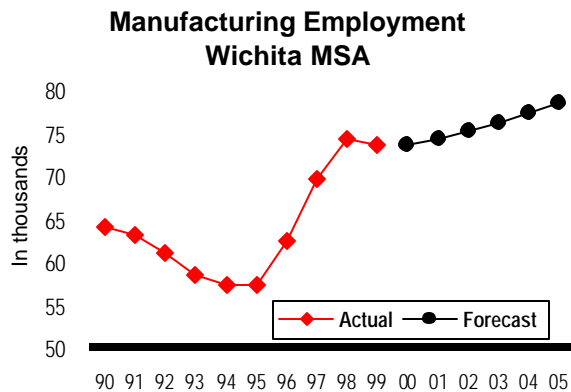
Manufacturing

Manufacturing employment in 1999 in Wichita decreased for the first time since 1994, with an average loss of 700 jobs. Manufacturing employment is expected to remain flat in 2000 and then increase from 2001 through 2005 in the range of 700 to 1,200 jobs annually. Averaged over the entire 5-year period, manufacturing employment is forecasted to have an average annual increase of 1.1 percent.

Production and shipments of general aviation products in Wichita continued to accelerate in 1999. A strong national economy, new product introductions, successful marketing and major federal defense contracts have supported demand for general aviation aircraft. Wichita's general aviation manufacturers, which now combine to employ as many people as Boeing, had their fourth record setting year. In 1999, the Wichita general aviation manufacturers had shipments totaling 1,751 aircraft, with billings of \$5.4 billion, up 53.8 percent from 1998.⁸ Today, Wichita's manufacturers account for 71.7 percent of all U.S. general aviation shipments. Dampened demand for commercial aircraft in 1999 caused Boeing to announce employment reductions in Wichita. In March, Boeing announced preliminary employment reductions of about 2,000 jobs for Wichita by year-end 2000. Some of those reductions are expected to come from attrition. Orders for Boeing commercial airplanes totaled 391 in

⁸ Includes data for 29 Boeing Business Jet shipments with a manufacturers net billing value of \$1 billion.

1999 down from 656 in 1998. Deliveries for the year totaled 620, up from 563 in 1998.⁹



Source: Kansas Dept. of Human Resources. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

Wichita continues to diversify its manufacturing employment base into a wide variety of high value-added jobs. Chance Industries is an example of a producer meeting worldwide demand for buses, trolleys and amusement rides. Other Wichita manufacturers include a large number of small to mid-sized highly technical and flexible firms in such industries as medical equipment, automobiles, heating and air conditioning and computers.

Koch Industries Inc., the nation's second largest privately held company, has its worldwide headquarters in Wichita. While employment at Koch was reduced in 1999, it remains one of Wichita's premier employers.

Although Wichita has a strong competitive advantage in the production of aircraft, the overall economy has a healthy diversity. In 1997, the Center for Economic Development and Business Research conducted a study that confirmed this diversity.¹⁰ When compared to 46 relevant metropolitan areas across the nation, Wichita ranked 10th in terms of diversification. The volatility of the Wichita economy proved to be lower than the majority of the study cities by each economic indicator measured.

Retail and Service

The retail opportunities are expanding in the metropolitan area as Wichita continues to attract a large number of national retail chains. In 1999 Shopko Stores Inc., a Wisconsin-based discount retailer, opened two stores in

Wichita during the first quarter employing about 150 people at each location. Stein Mart, a rapidly growing department store chain that offers brand-name merchandise at discount prices, opened in third quarter 1999.

Service employment remained flat in 1999. The service and retail sectors seem to have been the hardest hit by the tight labor market particularly for skilled labor. Historically, when Wichita has experienced job declines in the manufacturing sector this has freed up labor and led to employment growth in the service and retail sectors. We did not see this in 1999. However, with no job growth in the manufacturing sector expected in 2000 we are forecasting modest growth in service sector employment in 2,000 totaling about 1,200 jobs. Services are expected to continue to be a major contributor to job growth over the next 5 years. This is due primarily to the regional nature of Wichita's health care industry, the growth of new industry clusters such as call centers and the pace of growth in new start-up companies.

Construction

Residential and commercial construction has been thriving in Wichita for several years. Compared to these record-setting years, construction activity slowed in 1999; yet the amount of construction activity is still at historically high levels. The industry added 600 jobs in 1999 for a growth rate of 4.1 percent. The story in 1999 has been the boom in remodeling and repairs. This increase was generated in part by the destruction caused by the May 1999 tornadoes in Haysville and south Wichita.

Assuming the legislature doesn't raid the funding, the passage of the \$12.6 billion, 1999 comprehensive transportation bill by the state legislature should ensure continued job stability in the heavy construction sector over the 10-year life of the bill. About \$50 million dollars will be spent to build grade separations in Wichita's central rail corridor, which will separate the rail traffic from the car and truck traffic.

Wichita Public Schools, USD 259, have proposed a \$284 million bond issue to be voted on April 4, 2000. The bond money would be used to finance the elimination of all but a few portable classrooms, add classrooms to eliminate overcrowding, replace schools that would be more costly to refurbish and maintain, and modernize heating, cooling, and wiring in all of the schools that need it. The passage of this bond issue also would increase construction activity in the Wichita area over the next 5 to 10 years.

CEDBR is projecting continued job growth in the construction industry in 2000. While mortgage interest

⁹ Source: The Boeing Company homepage at <http://www.boeing.com/commercial/orders/1999.html>

¹⁰ "Industrial Structure and Economic Volatility of Selected Metropolitan Areas", Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, May, 1997, funded by the City of Wichita, Dept. of Finance and Sedgwick County, Bureau of Finance.

rates have increased this year, they remain relatively low and continued growth in residential construction in 2000 is expected. The passage of the highway bill should begin to create jobs in the heavy construction industry in late 2000 and early 2001 and repairs to tornado damaged housing should continue into the first half of 2000.

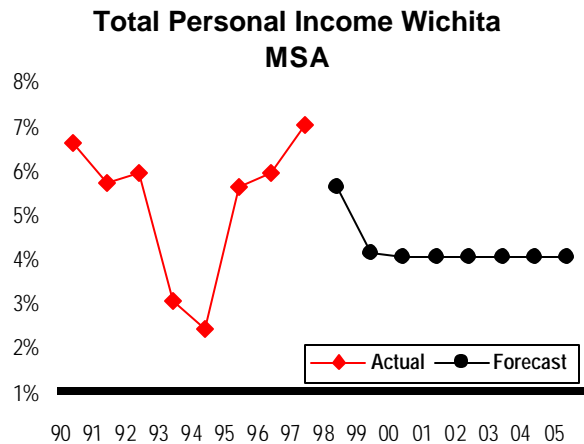
Personal Income

Total personal income for the Wichita MSA had an average annual growth rate of 5.4 percent for the decade ending in 1997 (the latest year for which data are available as of this printing). From 1998 through 2005, total personal income is expected to grow at an average annual rate of 4.2 percent. If inflation remains in the range of 2.5 percent, real growth of personal income would average 1.7 percent for the period 1998-2005.

Despite local shortages of skilled labor, international competition will continue to prevent Wichita employers from raising wages. Additionally, little growth is expected in manufacturing employment, the industry in which many of the higher paying jobs exist in Wichita. We are measuring personal income growth for the Wichita MSA only. Personal income is attributed to the county in which a person lives, regardless of where he or she may work. As surrounding counties continue to successfully develop their own infrastructure and residential neighborhoods, they will attract a greater share of the MSA's total income. However, Sedgwick County will retain the lion's share of jobs and workforce in the region.

Personal income is affected by a number of factors, including social security, farm income, rental income, stocks, interest, and employee earnings. The largest share by far is the earnings of employees.

Downturns in manufacturing employment have historically been offset by more rapid growth in other sectors. This pattern could be expected to continue, blunting the impact of any unexpected downturn in manufacturing. Receipts of unemployment insurance also moderate personal income during periods when workers may be temporarily displaced.



Source: U.S. Dept. of Commerce, BEA. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton school of Business, Wichita State University

****Note:** This report on *Economic Characteristics* was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the Department of Finance specifically for inclusion and use in the 2000-2005 Financial Plan in late March, 2000. For updated information refer to the CEDBR site (<http://www.twsu.edu/~cedbrwww>) on the World Wide Web.